DOCUMENT RESUME

ED 312 001 JC 890 510

AUTHOR	Montgomery, James; And Others
TITLE	An Introduction to Developing an Urban Business Incubator.
INSTITUTION	American Association of Community and Junior Colleges, Washington, D.C.; Minority Business Enterprise Project, Washington, DC.
SPONS AGENCY	Department of Commerce, Washington, DC. Minority Business Development Agency.
REPORT NO	ISBN-0-87117-204-6
PUB DATE	89
GRANT	MBEP-98-20-83034-01
NOTE	40p.
PUB TYPE	Guides - Non-Classroom Use (055) -- Tests/Evaluation Instruments (160)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	College Role; Community Colleges; Cooperative Programs; *School Business Relationship; School Community Relationship; *Small Businesses; Technical Assistance; Two Year Colleges; Urban Areas
IDENTIFIERS	*Business Incubators

ABSTRACT

Designed to provide a brief overview of the considerations involved in establishing a small business incubator, this guide presents information on incubator classification, funding methods, incubator operation techniques, and two-year college involvement in the formation of a working business incubator. Part 1 describes a small business incubator as a facility which provides an opportunity for new and existing small businesses to reduce some of the risk involved in operating through shared services, reasonable rent, access to administrative support services, and access to management, financial, and technical assistance. The differences between public/not-for-profit, private, academic-related, and public/private incubators are noted. Part 2 describes the phases in the creation and development process, including information on the establishment of a coordinating team and the conduct of a feasibility study. In part 3, financial considerations are reviewed, and a list of possible funding sources is provided. Part 4 lists the community/junior colleges currently associated with business incubators, and the North Carolina community colleges in the process of developing centers. This section also notes the services that community colleges can provide to developing businesses. In part 5, implementation concerns are discussed, including site acquisition, fund raising, "incubators without walls," tenant graduation, data collection needs, marketing, and the roles of the incubator manager, advisory committee, and anchor tenants. Appendixes contain a list of services incubators should provide, a sample application form for incubator tenants, a bibliography of 67 selected resources, and suggested materials for an incubator library. (AYC)

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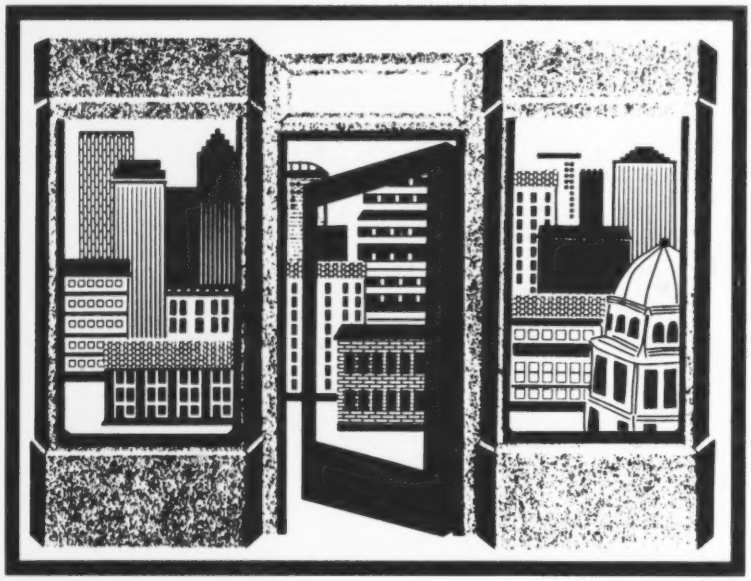

Minority Business Enterprise Project

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AACJC
American Association of Community and Junior Colleges

JC 890 510

AN INTRODUCTION TO DEVELOPING AN URBAN BUSINESS INCUBATOR

ISBN 0-87117-204-6

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Minority Business Enterprise Project
Grant No. 98-20-83034-01

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Funding for the **Minority Business Enterprise Project** and the publication of this guide was provided by the:

Minority Business Development Agency
U.S. Department of Commerce
14th & Constitution Avenues, NW
Washington, DC 20230

and the:

American Association of Community and Junior Colleges
One Dupont Circle, NW Suite 410
Washington, DC 20036

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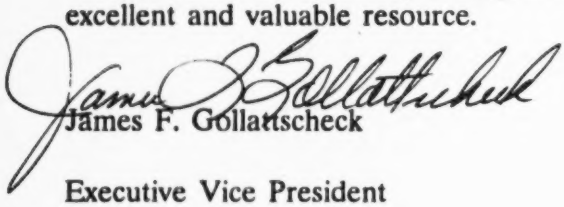
PREFACE

The American Association of Community and Junior Colleges takes pride in the accomplishments of its Minority Business Enterprise Project, now in its seventh year of providing education, training, and assistance to minority entrepreneurs and established minority managers and business owners through the nation's community, technical and junior colleges. The Minority Business Enterprise Project, generously supported by the Minority Business Development Agency of the U.S. Department of Commerce, is a critical component in AACJC's national strategy to enhance the participation and performance of minorities in this country's economic sector. It is a far-reaching initiative that accomplishes its purpose by establishing substantive long-term partnerships between education, government, and industry, with leadership from America's community, technical, and junior colleges.

This guide has been prepared to give a brief overview of the considerations involved in establishing a small business incubator. In a concise, easy-to-read style, the guide provides a wide spectrum of information, touching on incubator classification, funding methods, incubator operation techniques, and, of particular interest, how community, technical and junior colleges can participate in the formation of a working business incubator. As an actual planning tool, or even just a reference, this booklet is an excellent and valuable resource.



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INTRODUCTION

This handbook was designed as a resource guide for members of the American Association of Community and Junior Colleges (AACJC) interested in developing a business incubator with an urban city focus.

Developing and implementing an incubator requires a major commitment of resources. The goal of this handbook is to provide the reader with an informational framework for establishing an urban incubator with a community or technical college as an incubator partner. While this handbook provides a substantial amount of information, it has its limitations due to the fact that every local community operates within its own framework, which may or may not provide the capacity or capabilities for its institutions and organizations to play a major role in establishing an incubator.

It is important to note that incubator services do not necessarily require delivery through a specific physical setting -- it isn't necessary to buy a building. What is important is the incubator concept -- that it supply support and services. The delivery mechanism could be accomplished within existing facilities at a community college or on-site at the client's facility.

This handbook is divided into five parts. The first part provides an overview of an urban incubator and its characteristics. The second part describes the incubator creation or development process and how to conduct an incubator feasibility study. A very committed city government with a strong, efficient Economic Development Department can evaluate whether an urban incubator is feasible. Economic development has been the major motivation for the inner city incubator concept in most parts of the United States. Economic development specialists knowledgeable about small business incubators recognize that one of the successful methods of revitalizing a central city work force and neighborhood is through the incubator concept.

Part three discusses a final critical area -- financing an incubator. The fourth part of the handbook provides an in-depth view of the partnership role of a community, technical, or junior college and how it can assist you in an urban incubator. The fifth part of the handbook focuses on the implementation process of the incubator concept. Once the feasibility study and the development phases have been completed the next critical phase of the project is putting the incubator into operation.

The information contained in this handbook should help you in the development of an urban incubator.

I.

OVERVIEW OF AN URBAN INCUBATOR AND ITS CHARACTERISTICS

A small business incubator is a facility which provides an opportunity for new and existing small businesses to reduce some of the risk involved in operating through shared services, reasonable rent, access to commonly required administrative support services, and access to management, financial, and technical assistance. All new businesses make mistakes, but incubators provide new firms with an opportunity to learn from errors that otherwise could be fatal to their business.

Incubators originally appeared in areas of the United States that were hardest hit by the recession of the early 1980's and the decline of industry in the so-called "Rust Belt" of the Mid-Atlantic and Midwestern states. The Hubert H. Humphrey Institute noted in a recent report "... particularly in the Great Lakes Region... one after another large corporation shuts down, leaving behind empty plants and thousands of jobless residents."[1] The residents most affected by plant closure and relocation are minorities and low-income individuals. Idle manufacturing buildings along with high unemployment rates create an economic distress area for any urban community. The small business incubator concept in the past few years has shown that it can be used to help revitalize blighted urban areas and diminish the unemployment and welfare rolls of urban communities. Urban incubators are developed in many ways with a variety of goals and objectives. The primary goals of incubators are to generate income for the investing parties, and at the same time to create job opportunities within a given area.

The National Business Incubation Association (NBIA) places incubators in the following categories:

Public or not-for-profit

Sponsored by government and non-profit organizations, such incubators are primarily focused on creating jobs. They also provide economic diversification, tax base expansion, building rehabilitation and reuse, create positive development image, and secure income to sustain the incubator.

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1. Hubert H. Humphrey Institute, "Business Incubator Profiles: A National Survey," M. Tenal & C. Campbell, P.I. July 1, 1984. Minneapolis, Minn.

Private

These incubators are run by venture and seed capital investment groups, or by corporations and real estate development partnerships. The primary interest of these groups is high economic reward for investment in tenant firms, new technology applications and other technology transfer, and added value through development of commercial and industrial real estate.

Academic related

Incubators affiliated with colleges and universities share some of the objectives of public and private incubators. In addition, they create projects for faculty research, attract quality researchers, and provide alumni, faculty, and associated groups with opportunities for starting businesses.

Public/Private

Incubators created through a partnership between government or other non-profit agencies and a private developer offer the incubator access to government funding and other resources as well as private sector expertise and financing.[2]

The incubator concept outlined in this handbook is a public/private incubator developed and implemented in an urban inner city.

2. National Business Incubation Association Fact Sheet, Carlisle, Pa.

II.

INCUBATOR CREATION AND DEVELOPMENT PROCESS

PHASE 1 -- ESTABLISHMENT OF A COORDINATING WORKING TEAM

This coordinating team should be made up of key decision-making individuals within the partnership structure of the incubator project. The coordinating team is the most critical element in designing and implementing a successful urban incubator. It is very difficult for any individual or organization to implement a successful incubator in a community without involving the decision-maker of that community and the community residents where the center will be located.

As an example, in a typical incubator project, the key individuals might be the mayor of the city, the president of a community or junior college, and the president of a foundation. It should be noted that these key individuals would assign designated staff to develop and implement this partnership on their behalf. Within this given task, the staff would be granted decision-making authority throughout the development and implementation of the incubator project.

Important Tasks for the Development Team

- Select the lead coordinating partner, and a designated team coordinator from that organization.
- Establish the role of the two other participating partners from inception of the project through its implementation.
- Develop and implement a feasibility study.
- Establish and secure funding sources for the development and implementation of the incubator.
- Provide a structure or method for other community organizations' involvement.

Selecting the Lead Coordinating Partner

Under a public/private incubator project, the lead coordinating partner should be the private partner. Why? (1) Private organizations have more flexibility and less bureaucracy than the public partner; and (2) they have a better fund-raising capability. However, it is necessary to have that private business intellect interacting with small and minority businesses. A lead private partner means that facilities remain on the tax

roll, where, if the public partner were the lead partner, the facility would be tax exempt. The lead coordinating partner of business incubator would be the proprietor of the incubator.

Designated Team Coordinator

The lead coordinator should be an individual from the lead coordinating partner. This individual should have a sound background knowledge of the public partners. It would be highly beneficial if the lead coordinator were also knowledgeable about the community and its politics. This person must also be able to converse and interact on all levels of a stratified community, from grass-roots community members to corporate chief executives. If the coordinator does not possess this background knowledge or skill the individual must rely on the other partner's lead coordinators to provide the knowledge that he or she lacks in order to successfully complete the project.

The Primary Responsibilities of the Team Coordinator

These responsibilities include the need to:

- Form a developmental and implementation team.
- Develop and implement a feasibility study.
- Secure the necessary resources needed to develop and implement the incubator project.
- Interact with all interested (or required) political and community organizations to ensure a successful incubator project.

Defined Partnership Roles

A major factor in developing and implementing an urban incubator partnership is a clear understanding of each partner's role in this arrangement. In most incubator agreements involving the community or junior college, the college would be the educational and support service component of the incubator. The city would provide most of the support for fulfilling the economic development aspect of the project.

The public partners would assist the lead coordinator in interacting with the local community organizations and financial institutions. In order to be effective in implementing an urban public/private incubator, each partner must be in accord with the goals and objectives of the project.

The educational and support services would consist of:

- Small business training in workshops and seminars
- One-on-one counseling in business and financial plans
- Clerical and marketing services for the tenants
- Administrative staff of the incubator
- Basic skill training
- Computer training
- Technical assistance training in new technology
- Job Training Partnership Act and other local, state, and federal funding for training

The City (Government Partner) economic development component would provide:

- Political support from the local government
- Matching financial resources for the facility
- Operational funds for the incubator
- Assistance in locating a suitable facility to establish an incubator

PHASE 2 -- FEASIBILITY STUDY

Prior to the development of an incubator project for a community, a feasibility study should be executed to assess the need for a small business incubator. Some project sponsors could hire outside consultants to perform the feasibility study. Established incubator coordinating teams may utilize their team coordinator to implement the feasibility study.

The feasibility analysis should include the following variables:

Demographics of the targeted incubator location

- Population size and density.
- Unemployment statistics of the targeted area.
- Ethnic makeup of the area.

Number of start-up businesses within the area of the targeted incubator location

The following organizations can provide you with data related to the community's start-up businesses.

- Small Business Administration.
- Major financial institutions in the community with small business components.
- Local minority chamber of commerce.
- Local city Association of Commerce, small business component.
- Local Minority Business Development Centers.
- Local city and county minority business enterprise, small business components.

Analysis of the major corporations and suppliers within the community to determine the need for small businesses as suppliers

- Survey your local Association of Commerce.
- Request information and assistance from your local or state minority supplier association.
- Request needed information from your local and state Economic Development Association.

Determination of type of incubator to be implemented

Under most circumstances this decision will be made by the key decision-maker at the outset of the incubator venture. However, this feasibility study may demand a review of the original decision.

Assessment of adequate financing to implement and operate the incubator

- Estimation of total project cost within a five-year period, especially new construction cost, or renovation cost for existing facility.

  Operational cost upon completion.

- Available financial resources for the project.

  The type of urban incubator venture may determine the resources available. A public/private partnership within a designated economic development enterprise zone may elicit economic development funds from the federal, state, and local governments. However, outside of the impact zones, economic development funding is generally not available. Both the

city and the community or technical college would assist the lead coordinator in interacting with local community organizations and financial institutions.

Development of a sound, workable business plan for the incubator

The business plan for the incubator center is a crucial element within the feasibility study. Primarily because the incubator is a business, it should operate within the context of a business plan. If the facility is being constructed as a new facility or being purchased, the lending institution or financiers will demand a business plan. The business plan will also provide the coordinating team with information on cash flow, business forecasting, marketing and organizational plans, and time-frames covering each category. A business plan is to be used as a tool to review all elements in your planning strategy. A major part of the plan is a clear statement of the goals and objectives of the incubator.

Most central city incubator goals and objectives have economic development as a prime consideration because of high unemployment and neighborhood deterioration. It is critical that the partners and the community where the facility will be located are in agreement with the established goals and objectives of the project. If all community members where the incubator is to be located (residents, politicians, and community organization leaders) are not in consensus with the incubator goals and objectives, the chances for successful implementation of the incubator project are slim. Therefore, it is imperative that the coordinating team structure include all parties who fully understand the community environment and the goals and objectives of the urban incubator project. These individuals will be a vital asset to the coordinating team and must take an active part in the decision making process.

The stated goals and objectives will also help to determine the available funding sources for the project. The primary goal of a business incubator might be community economic development, or to earn a profit for its investors. This will make a difference when seeking funding for the incubator.

III.

FINANCING AN INCUBATOR

Once an incubator site has been selected, financing alternatives must be considered. The factor involved in determining the financing status will be whether or not the facility has been donated -- donation will minimize the acquisition cost of the facility. A donated facility can be used as collateral for renovation loans and other finance requests. When seeking financing, all costs must be included, such as real estates taxes, interest, professional fees, cost of construction (if applicable), and value of the land.

In an a typical incubator partnership development, the financing will often be a public/private financing arrangement. It is to the advantage of the incubator partners to share the financing burden. In planning a financial package for an incubator, the plan should be a three to five year sustaining plan with a return on the partners' investment.

Possible funding sources for financing a incubator:

- U.S. Economic Development Administration (EDA) (U.S. Department of Commerce)
- State Department of Economic Development
- U.S. Department of Housing and Urban Development (HUD)
- U.S. Small Business Administration (SBA)
- Contributors from local businesses and government
- Local banks
- Grants from Foundations
- Community Development Block Grant Funds
- Community College's Economic Development programs

IV.

THE PARTNERSHIP ROLE OF A COMMUNITY, TECHNICAL, OR JUNIOR COLLEGE

When one describes or refers to the educational component of an established incubator around the United States, one is more than likely thinking of a university partnership. Universities that are partners to incubators provide the high-tech-research educational component to an incubator. However, community, junior, and technical colleges are in a more strategic position to address economic blight of the urban central cities.

In 1987 only two community or junior colleges were identified by the National Business Incubation Association (NBIA) as having an incubator affiliation or partnership. In 1989 the NBIA has identified eleven (11) community or junior colleges affiliated with incubators:

North Arkansas Community College, Salem, Arkansas
John Woods Community College, Quincy, Illinois
Rose-Hulman Institute of Technology, Terre Haute, Indiana
Kirkwood Community College, Marion, Iowa
Labette Community College, Parsons, Kansas
Roanoke-Chowan Technical College, Ahoskie, North Carolina
Kiamichi Area Vo-Tech School, Atoka, Oklahoma
Oklahoma State University, Technical Branch, Okmulgee, Oklahoma
Houston Community College, Stafford, Texas
University of Houston - Victoria, Victoria, Texas
Dallas County Community College District, Dallas, Texas

In North Carolina there is a move towards expanding community college involvement in developing business incubators. Other colleges involved in this are:

Central Carolina Community College, Sanford, North Carolina
Durham Technical College, Durham, North Carolina
Guilford Technical Community College, Greensboro, North Carolina
McDowell Technical Community College, Marion, North Carolina
Wake Technical Community College, Raleigh, North Carolina
Wayne Community College, Goldsboro, North Carolina

Some other Centers working at the developmental state, providing services, or acting in an advisory capacity include:

Caldwell Community College & Technical Inst., Lenoir, North Carolina
Carteret Community College, Morehead City, North Carolina
Central Piedmont Community College, Charlotte, North Carolina
Forsyth Technical Community College, Winston-Salem, North Carolina
Haywood Community College, Waynesville, North Carolina
Lenoir Community College, Kingston, North Carolina
Randolph Community College, Asheboro, North Carolina
Southeastern Community College, Whiteville, North Carolina

Becoming a partner in an urban incubator for a community, technical, or junior college can provide stability to the incubator partnership. Most communities view the community college as a practical and technical educational service provider of their community. Therefore, these institutions could perform a major role in addressing the economic issues of an urban central area. Those colleges that involve themselves in an urban incubator must emphatically understand that they (the institutions) will be operating within the political framework of their community. The board of directors, or regents would have to make a commitment through their institution's mission goal and objectives to address the economic development needs of the urban central city. A key objective would be to expedite the necessary training needed to nurture the minority and female businesses of the incubator into successful enterprises. Services which a community junior college could provide to tenants might include:

- Small business training in business plan development financial analysis
- Computer training
- Market forecasting
- Counseling
- Job Training Partnership Act training for tenants in new technology
- Basic skills training for tenant employees
- Clerical and secretarial support services through the college's business cooperative education and internship programs

V.

IMPLEMENTATION OF THE INCUBATOR

The implementation phase of an inner-city incubator project will generally consists of the following:

- Site and facility selection.
- Incubator management selection.
- Appointment of an advisory committee or board of directors.

The feasibility study will ascertain whether an incubator is needed in the inner city. Once the need for an incubator has been established, site and facility selection is the next process. Some of the factors to be considered during site selection are:

- Cost of purchasing the facility.
- Cost of renovating the facility.
- Cost of providing technical assistance to the businesses.
- Community involvement in the project.
- Location of the facility.
- Will the size of the facility support the growth and development of businesses leasing space in the building with a good chance of the incubator becoming self-sufficient within a reasonable period of time?

The acquisition of the site could be the most costly factor in establishing an inner city incubator. To minimize the acquisition costs, the possibility of obtaining a donated facility could be considered as mentioned earlier. The variables that should be considered when evaluating the cost of acquiring a site are:

- Age of the facility and its state of disrepair.
- Code restrictions or violations against the facility (sprinklers, fire escapes, handicapped accessibility, etc.)

If these variables are prohibitive, an alternative facility should be considered or consideration should be given to new construction. New construction will minimize renovation costs and will produce a new and contemporary facility. A non-profit foundation or corporation could be formed to begin the purchase construction process. Raising the necessary funds, negotiating the sale, and forming the advisory committee to oversee it operation, are some of the duties and responsibilities of the foundation or corporation.

Fund raising could be approached in two ways:

- Public funds solicitation.
- Private sector solicitation.

The public/private venture should be the vehicle to raise the necessary funds to purchase a site. Solicitation of funds from the private sector should be the form of an extensive capital fund-raising drive. The fund-raising drive should target the foundations of major corporations. A mailing should precede the personal contact to introduce the project and the objectives of the fund raiser. The public solicitation should be aimed at the economic development agencies of city, county, state, and federal agencies. As with the private sector, a mailing should precede the personal contact. With the public sector solicitation, the emphasis should be on job creation, neighborhood revitalization, and community development.

As an example, a typical incubator having a donated site facility might receive funds for renovation from the following:

- United States Department of Community Development Economic Development Agency.
- City Department of Community Development.
- The Community College or partnership.
- The Private Sources.
- The State Department of Economic Development.

These funds may be in the form of grants and would enable the Center to reach occupancy status unencumbered. As with the acquisition, renovation costs could be funded through grants.

The size of the proposed site should be large enough to lease space to small businesses and be able to provide them with room to grow. A significant part of the feasibility study should contain information on when the occupancy and lease income will permit the incubator to become self-sufficient. All costs of renovation, repair, and operation should be supported through lease fees. Lease fees should also provide reserves for future contingencies for the site. As the project develops and grows, the business plan should be updated to reflect the changes and growth of the incubator. Management of the incubator should be defined in the business plan.

INCUBATOR MANAGER

The incubator manager is the key person for the successful implementation of the project. It is the manager who will be responsible for the incubator's success or failure. Some of the skills that a good incubator manager should have are:

- Verbal and written communication--these skills should span the spectrum of people with whom the manager will be interacting.
- Organizational skills.
- Sound business management background. These skills are essential for the operation of the incubator and to counsel small business owners.
- Financial management.
- Computer knowledge.
- Real estate management:
  for leasing space,
  for evaluating cost of leasing space.
- Knowledge of city codes and ordinances related to real estate management.
- Community relations - for interaction with the community surrounding the facility.
- Facility management and building renovation.

These skills will not necessarily be found in one individual. Sharing of responsibility is an alternative for dealing with the lack of some of these skills in one person. The

advisory committee or board of directors will monitor the program and development of the project and suggest or advise as necessary.

ADVISORY COMMITTEE

The advisory committee or board of directors will be people selected as a representative group from the community. Their involvement will be more in community relations and, when necessary, fund raising for the project.

As more businesses move into the incubator, the technical assistance and business counseling component become more important to the implementation of the project. Affiliation with a community college, junior, or technical college, or university is an essential factor in providing assistance to the businesses within the facility and the community. Business expertise, management, growth control, and marketing, as well as other business-related skills, are readily available from the staff and faculty of the affiliated institution. These services are crucial to the success of the businesses in an incubator.

INCUBATORS WITHOUT WALLS CONCEPT

When a community, junior or technical college provides incubator services to businesses that are not located within a physical incubator facility, this service can be classified as either "outreach" or "an incubator without walls". The difference between outreach and an incubator without walls is whether the incubator staff is providing the service or whether a contract for service agreement is signed between the Continuing Education and Business Outreach Division of the college. Outreach service is usually tailored to the specific need or request of the business being served. An incubator without walls service is provided to the requesting business possibly at their site. These services could include:

- Assistance in preparing a business plan.
- Assistance in setting up a financial management system or an accounting system.
- Assistance in writing marketing or advertising material for a specific product or service.
- Assistance in finding trained employees.

- Setting up an internal training program for employees and the management staff.
- Assistance in locating an accountant or an attorney.
- Finding venture capital or a bank loan for expansion or operating capital.
- Assistance in preparing a bid application.

ANCHOR TENANTS

Anchor tenants are a key variable in the implementation of an incubator because they will provide revenue in rental space, which will help the incubator developer during the implementation phase with the cash flow necessary to complete other rental space. Another significant point is that an anchor tenant can provide your incubator with credibility, which may encourage other businesses to locate in the center. Example: a well-known, credible minority business within the community moves into a central city urban incubator, thus alleviating many fears that businesses have about locating in the central city. Anchor tenants are expected to be long-term lessees in order to sustain a cash flow for the incubator until the project can become self-sustaining.

The anchor tenants of a typical incubator might be:

- A prominent minority company in the metropolitan area
- The community or junior colleges, with space for educational training facilities and managerial staff space.
- The private partner.
- Office space for the incubator's property manager and administrative staff.

Having the partners function as tenants is a good business policy.

TENANT GRADUATION

Tenant graduation means that the incubator staff has fulfilled its obligation of nurturing a business to a productive stage of success, and that the business no longer needs the incubator's daily assistance. Graduation policies vary from incubator to incubator. State- and Federal- owned-and-operated incubators will have an established graduation policy because the financing is usually on a continuum basis.

Urban/private and public/private incubators depend on the revenue generated from the leases within their incubator to sustain the development and operation of their facility. Under this scenario the incubator concept is perceived as a conventional landlord/tenant relationship. The graduation policy is what separates the incubator concept from the landlord/tenant concept.

The incubator manager, along with his/her staff, should assist the graduating firms in locating available space for expansion. The support services from the community, technical, or junior college should continue as needed at the firm's new location.

FURTHER CLASSIFICATIONS OF INCUBATORS

The four classifications--public or not-for-profit, private, academic-affiliated, and public/private can be broken down further depending upon the needs of the community in which the incubator is located. Some of these areas can be:

- Diversified: A mixture of service, manufacturing, and research and development.
- Research and development: usually this type of incubator is an academic-affiliated site.
- Retail: for small retail shops.
- High technology: for the development and manufacturing of highly sophisticated technology.
- Medium technology: assembly of electronic and medium technology products.
- Rural incubator: located in the rural areas of the district and developed to renew a sagging rural economy.

STATISTICAL INFORMATION

The management may require resident businesses to divulge certain information on a regular basis so that this information may be compiled and passed on to parties providing funding for the incubator. Such information might include:

- The number of full-time and part-time employees.

- The residential location of employees.
- The monthly gross revenue and monthly gross wages paid by each company.
- The number of employees who relied on public assistance prior to being employed by an incubator business.
- The characteristics of each company's customer base.

The development of an incubator of a particular type or for a particular use is identified in the feasibility study. This identity is based upon some of the following factors:

- Skill level of the workforce.
- Availability of support resources in the community.
- Training capability.
- Political atmosphere for support of incubator services and businesses.

Inner city incubators are usually diversified incubators. These incubators are frequently a mixture of service businesses, light manufacturing, and medium manufacturing. As far as job creation is concerned, the diversified incubator, because of its business mix, is the best option.

INCUBATOR MARKETING

Marketing an inner-city incubator or any incubator is an unusual mix of processes. The most commonly used technique is word-of-mouth.

As companies move into the facility and use the services offered by the incubator staff, the business owners spread the word about the incubator to aspiring entrepreneurs, and these entrepreneurs will usually make an inquiry about leasing space. As word of the success of the incubator spreads throughout the community, local newspapers, radio and television stations, and other media start making inquiries about the operation and then feature the facility and the businesses in their forums.

Local and other politicians are another way of marketing the facility. All of the aforementioned marketing strategies cost the incubator nothing to promote its mission.

If there are funds available, a marketing plan can be written and implemented to promote the incubator, but because of limited funding the incubator should be as creative as possible in getting gratis promotion.

If the urban communities within the United States are going to become successful economic units, it is most important that the politicians of the said community and the community, technical, and junior colleges of those communities address the economic development needs of that community. One efficient and successful method of changing the economic plight of an urban community has been the development and implementation of the urban incubator concept.

APPENDICES

APPENDIX A

INCUBATOR SERVICES

Listed below are some of the basic services a business incubator should provide for its tenants:

- There should be a receptionist available to receive guests and incoming parcels. The receptionist should also answer telephone calls and take messages for unavailable tenants.

- There should be a clerical staff to handle typing assignments, word processing and other computer tasks.

- There should be a mail system to handle the incoming/outgoing mail. It would also be useful to set up an inter-office mail system.

- The incubator should provide signage for each resident business and set up guidelines concerning the creation of personalized signs.

- Equipment such as typewriters, VCR's, slide projectors, etc., should be made available for loan. the incubator should also have a photocopier in a common area that can be used by all resident businesses.

- It would be beneficial to have a conference room where tenants can hold meetings with clients.

- Some provisions should be made for freight reception.

- The incubator should provide a security system and guidelines on the general security of the building. fire prevention rules should be displayed prominently and both fire detectors and extinguishers should be set up in the incubator building. Tenants should be required to keep a list of emergency telephone numbers including those for the police and fire departments. A 24-hour incubator management number should also be made available.

APPENDIX B

SAMPLE INCUBATOR TENANT'S APPLICATION

PLEASE TYPE OR PRINT INFORMATION:

How were you referred to the Incubator Center?

_____

Name of Business _____

Present Address _____

City _____ State _____ ZIP _____

Telephone Number(s): Home _____ Work _____

New Business (less than 6 months) _____ Existing Business _____

Date Started _____

Business Address _____

City _____ State _____ ZIP _____

Using a brief description, please give an overview of your business. (You may substitute a business plan).

_____

_____

_____

_____

How would you classify your business? (check one):

Wholesale _____ Retail _____ Manufacturing _____ Service _____

Please Check One:

Sole Proprietorship _____ Partnership _____ Corporation _____

Non-profit _____ Other (explain) _____

If you checked partnership, please complete the following:

Partner _____ % of ownership _____

Partner _____ % of ownership _____

Partner _____ % of ownership _____

Partner _____ % of ownership _____

ITEMS LISTED BELOW WILL BE USED TO OBTAIN CREDIT HISTORY OF THE BUSINESS OWNER(S). ALL INFORMATION IS KEPT CONFIDENTIAL.

Last Name _____ First Name _____ MI _

Social Security Number _____ - _____ - _____

Birthdate _____ (For credit report)

Home Address _____ Phone # _____

City _____ State _____ ZIP _____

How long have you lived at the above address?

Years _____ Months _____

If less than 1 year, where did you reside before?

Address _____

City _____ State _____ ZIP _____

PLACE OF PRESENT EMPLOYMENT

Name _____ Address _____

City _____ State _____ ZIP _____

How long have you been employed there? Years _____ Months _____

Supervisor _____

Banking at _____ Loan Officer _____

Account Number _____

The _____ has by permission to make inquiries into my personal credit history, or that of the above-named business.

_____ _____

Signature Date

STATISTICAL SUPPORT

The following information is optional. It is used for compiling statistics about the types of individuals we serve. It in no way affects the acceptance or denial of your application. While individual information is kept confidential, the Incubator Center releases a compilation of general information which is of interest to others. Your participation is appreciated.

Male _____ Female _____

Black _____ Native-American _____ Hispanic _____ Caucasian _____

Laotian _____ Other _____

Age 18 -- 25 _____ 26 -- 30 _____ 31 -- 36 _____ 37 -- 45 _____

46 -- 55 _____ 56 -- 65 _____ 66 -- 75 _____ Older _____

Current Number of Employees Full-Time _____ Part-Time _____

Expected Number in First Year Full-Time _____ Part-Time _____

Does your business have any current certificates? (e.g., MBE, etc.)

_____

If yes, please indicate:

_____

TO BE FILLED OUT BY THE INCUBATOR CENTER

Business Name _____

Principal Owner _____

Phone Number _____

Date ready to occupy space _____

Space needed: Office ____ Mfg. _____ Storage _____ Other _____

Sq. ft. required _____

Special modification needed?

Electrical _____ Lighting _____ Water/Sewer _____

Ventilation _____ Security _____ Elevator(s) _____

Handicapped Access _____ Other _____

Insurance Requirements on File _____ Sq. Ft. _____

Business Plan _____ Month _____

Security Deposit Explained _____ W/AC _____

Procedures and Problems Explained ___ Sec. Fee. ___

Credit History Completed _____ Area Shown _____

Loading Dock Explained _____

Occupancy Permit Explained _____ Misc. _____

Trash Procedures _____

APPLICATION REVIEW:

City Approval _____ Date _____

RPG _____ Date _____
RPG _____ Date _____

JM _____ Date _____
BOM _____ Date _____

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APPENDIX C

RESOURCES

(Source: the National Business Incubation Association)

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SUGGESTIONS FOR AN INCUBATOR LIBRARY

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